

**BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0111**

---

**POSTAL RATE AND FEES CHANGES, 2006**

---

**Docket No. R2006-1**

**FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION  
TO  
UNITED STATES POSTAL SERVICE  
WITNESS PAUL L. LOETSCHER (PSA/USPS-T28-1)  
(June 28, 2006)**

The Parcel Shippers Association (PSA) requests United States Postal Service to respond fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

---

Timothy J. May  
Patton Boggs, LLP  
2550 M Street, NW  
Washington, DC 20037  
Tel: 202 457 6050  
Fax: 202 457 6315  
tmay@pattonboggs.com

Counsel for Parcel Shippers Association

Dated: June 28, 2006

**PSA/USPS-T28-1.** Please refer to page 13 of USPS-LR-L-33 where it states:

“For rate design and evaluation it is necessary to develop estimates of the distribution of non-flat nonletter pieces by proposed rate element. However, data to accomplish this does not exist. A procedure of estimating joint distributions from two marginal distributions is developed to provide reasonable estimates for parcels. The procedure first takes the FY 05 distribution of Standard parcels by presort rate and entry discount then applies assumptions regarding the distribution across preparation levels (e.g 90 percent of non-machinable 3/5D DBMC Standard parcels are prepared in 3-Digit sacks – 10 percent are prepared in 5-Digit sacks). Then it is assumed that 70 percent of Standard parcels are machinable. The distributions across preparation/entry levels are controlled first to the FY 05 presort/rate distribution then to the assumed distribution by machinability. This process is repeated until the two distributions converge. The hybrid distribution is produced by controlling the LR-L-92 distribution of UFSM 1000 flats by presort rate to the entry profile of parcels. The results of these exercises appear in Table 4.”

- (a) Please provide a list of all assumptions made to “map” the FY 05 distribution of Standard parcels by presort rate and entry discount into the proposed rate elements.
- (b) Please explain the basis of each assumption specified in your response to subpart (a) of this interrogatory.